



# PROCUREMENT UPDATE

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## Maintain:

- ☐ DOE Procurement System Authorization
- ☐ Adherence to compliance controls

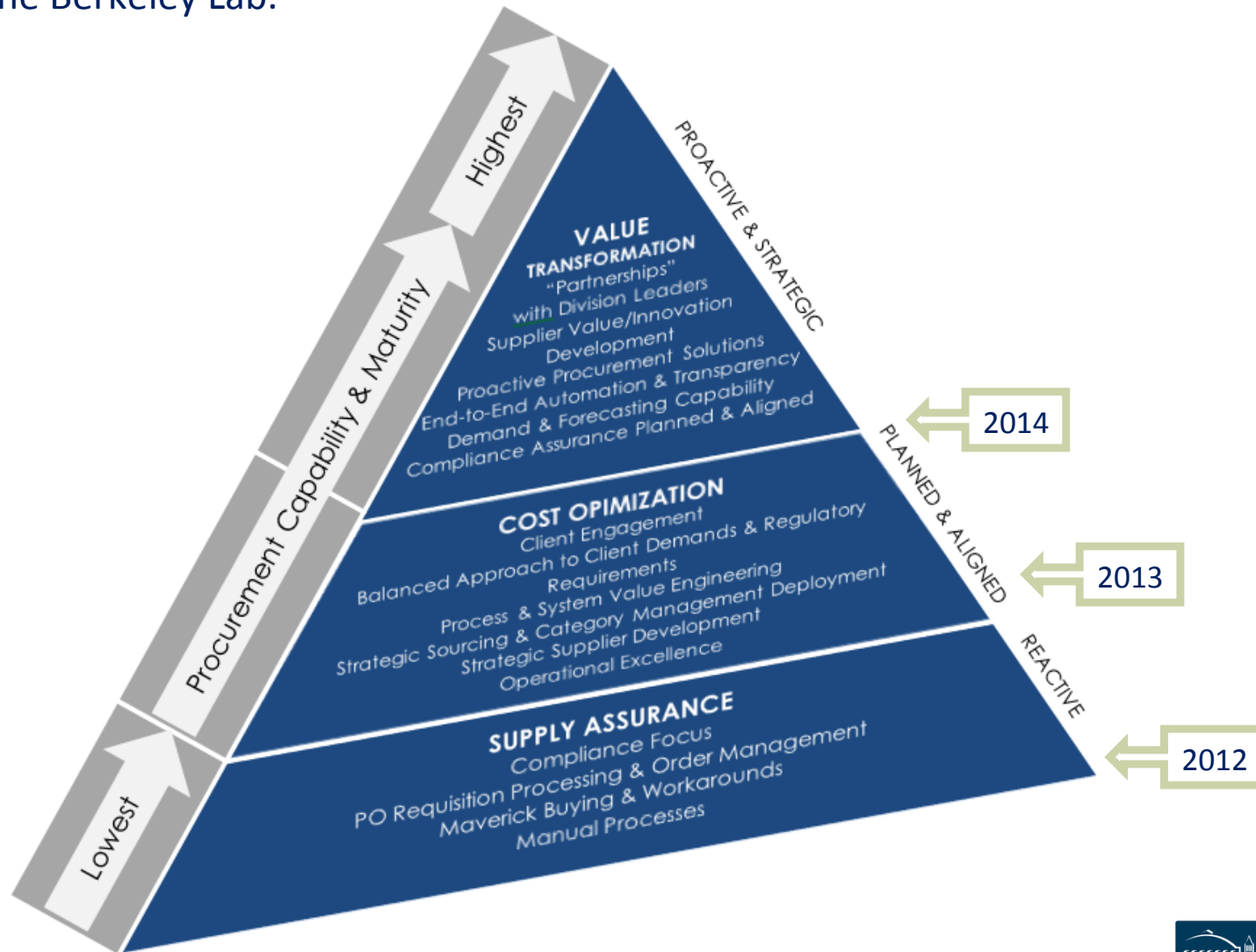
## Opportunities for Improvement:

- ☐ Instill a Sense of urgency in **Supporting the Science**
- ☐ Embrace a Customer Service Culture
- ☐ Improve Cycle times and simplify processes
- ☐ Streamline Structure and enhance skills
- ☐ Improve Systems and Tools
- ☐ Provide Visibility of Order/Contract status
- ☐ Maximize Utilization of Procurement Channels (eBuy, Pcard, eAuction )
- ☐ Improve ROI on \$300 - \$400m spent on Goods and Services

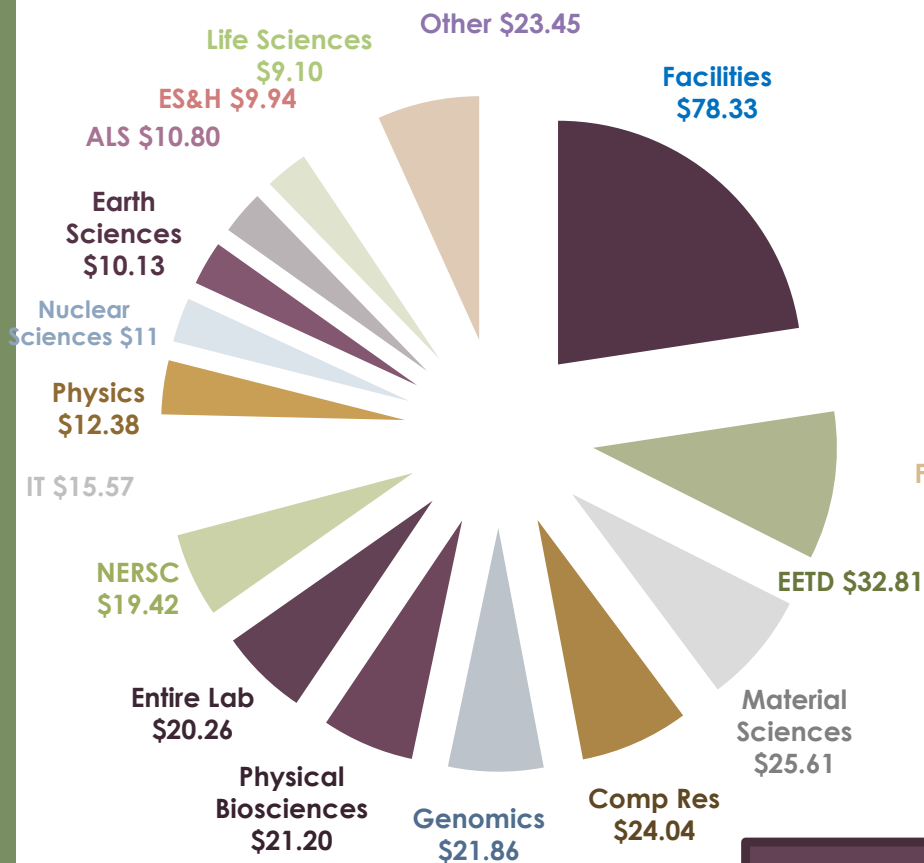


# Situation - Procurement Capabilities

Transforming the Procurement department from being reactive and compliance focused to becoming a proactive and strategic organization offering higher value to the Berkeley Lab.



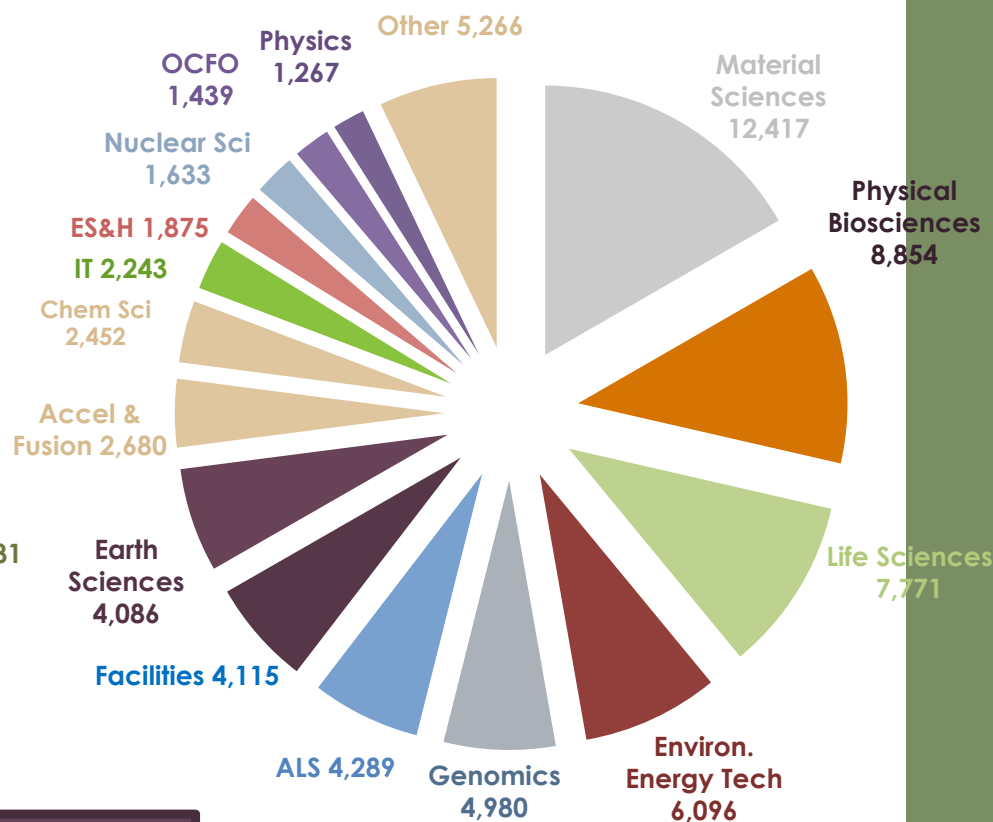
## FY12 Spend (\$MM)



**Spend = \$346.6M**

**Total Lab Funding = \$745M**

## FY12 Transaction Volume



**Volume = 74,409**

# Progress: Processes and Technologies

- Created 27 desk guides to improve efficiency and consistency
- Analyzed 14 key processes and designed more efficient future state
- Broadened cycle time definitions and **reduced** cycle time for key processes:

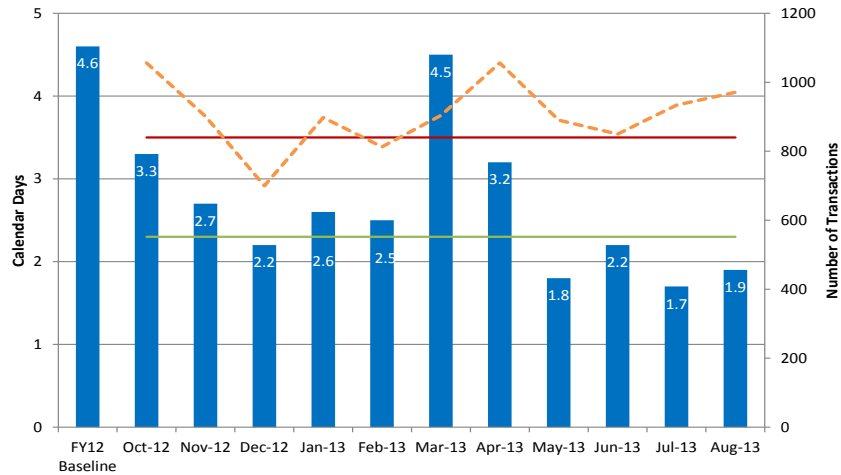
Transaction type	FY12 Baseline	August 2013	% reduction
Contract Reviews	22 days	6.2 days	<b>72%</b>
P-Card	4.6 days	1.9 days	<b>58.7%</b>
PO Closeouts	739	389	<b>47.4%</b>
Subcontracts <25k	22.9 days	10.3 days	<b>55.0%</b>
Subcontracts >150k	110 days	52 days	<b>52.7%</b>

- Completed F\$M Procure-to-Pay Analysis phase
- Increased spend through e-Buy program
- Achieved \$20.9M in supplier cost savings through June 2013
- Streamlined Pcard processes and reduced burden rate
- Executed 48 eRFP/eAuction e-Sourcing events to improve efficiency
- Delivered Prime Contract compliance deliverables on time

# Key Performance Indicators

## ○ Service Center

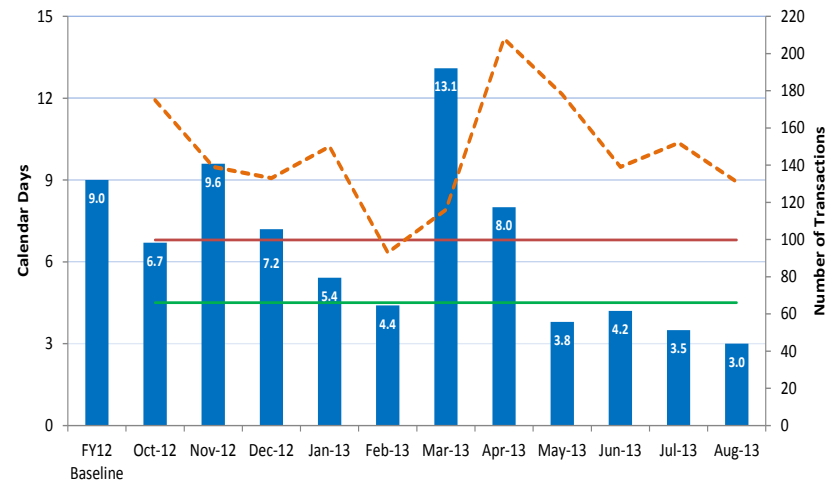
### Cycle Time (PCard) 1.9 days in August 2013



■ Purchase Card Orders  
— 3/31/13 Goal = 3.5 Days  
— 9/30/13 Goal = 2.3 Days  
- - - Number of Transactions

### Cycle Time (≤ \$25k) 3.0 days in August

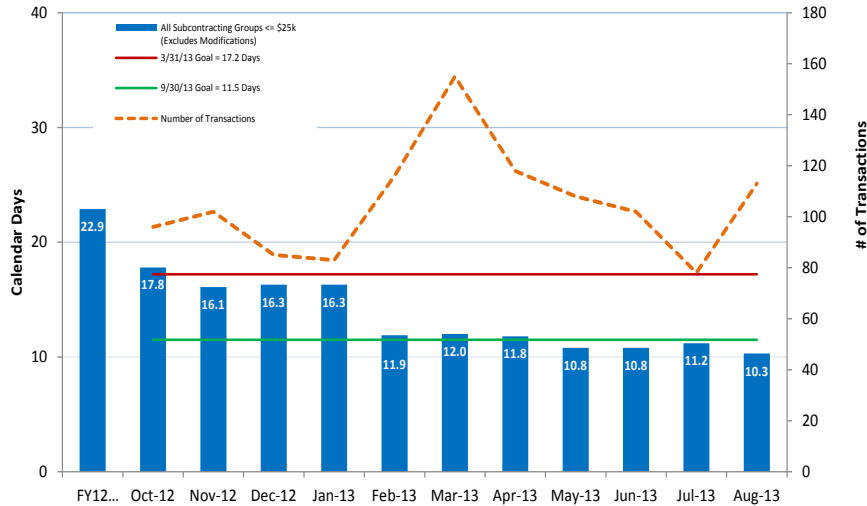
■ Service Center <= \$25k (Excludes Modifications)  
— 3/31/13 Goal = 6.8 Days  
— 9/30/13 Goal = 4.5 Days  
- - - Number of Transactions



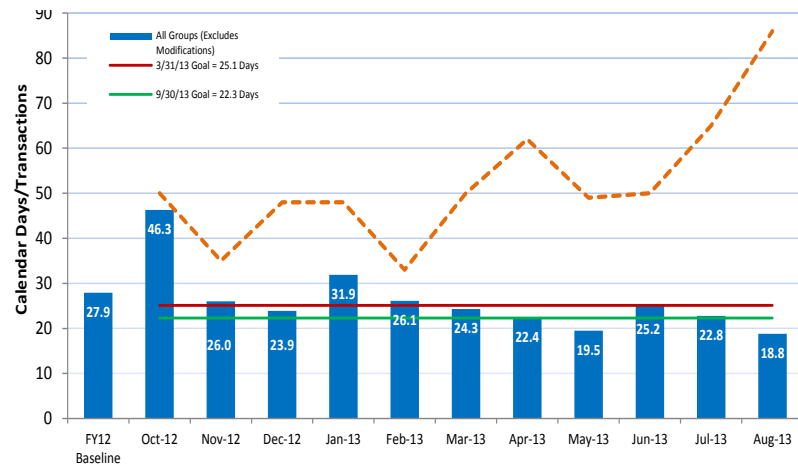
# Key Performance Indicators

## ○ Subcontracting Groups

### Cycle Time (<\$25k) 10.3 days in August 2013



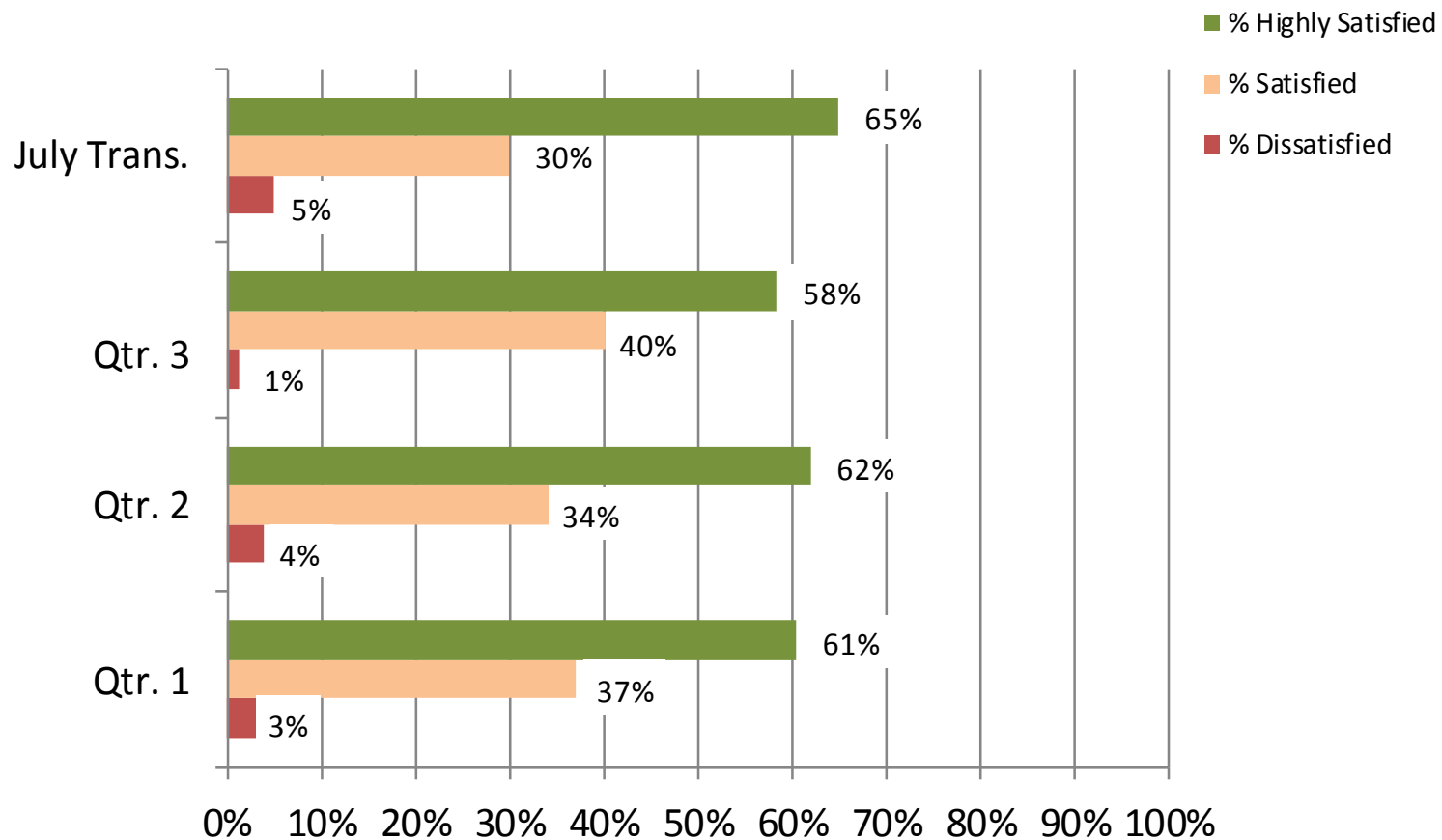
### Cycle Time (>\$25k - \$150k) 18.8 days in August 2013



- Continued senior leader engagement
  - DBC
  - LSAC
  - 1-1 discussions
- Launched Procurement Outreach Program
- Created a new customer help desk
- Developed customer forums/user groups
  - eBuy
  - Pcard
  - Website
  - End-to-End purchase order process design
- Assigned “customer advocates” to high dollar transaction divisions
  - ESNET
  - NERSC
  - EETD
  - Facilities
- Offered procurement training
  - Resource Analyst community
  - Core financial class
  - Targeted end users
- Implemented a new customer satisfaction survey



## Customer Satisfaction Procurement Awards October - July 2013 Transactions



- Streamlined structure
  - Reorganized department
- Improved leadership
  - 8 of 9 managers new to role
- Improved skills
  - Promoted 5
  - Hired 9 external candidates
  - Hired 5 from other divisions within the Lab
- Addressed performance issues
- Provided training to improve customer experience
  - Customer satisfaction, service delivery, cost analysis, and continuous process improvement

- Focused on employee engagement
  - All-hands meetings
  - Scientific Guest Speakers
  - Monthly newsletters
  - Employee recognition awards
  - Informal fireside chats and brown bag sessions
  
- Reinforced new expectations and culture
  - Operating Guidelines
  - Guiding Principles
  - Performance Reviews
  - Recognize small successes

## Progress: DOE Review (PERT)

- ☐ What is PERT
  - Independent 5 day review of all Procurement practices, processes, systems and policies
- ☐ Previous 2010 PERT results
  - 15 weaknesses/observations were identified
- ☐ What is at stake?
  - **DOE approval of Lab's Procurement Authority!**
    - \$15M firm fixed Price
    - \$10M cost reimbursable

## Review Criteria

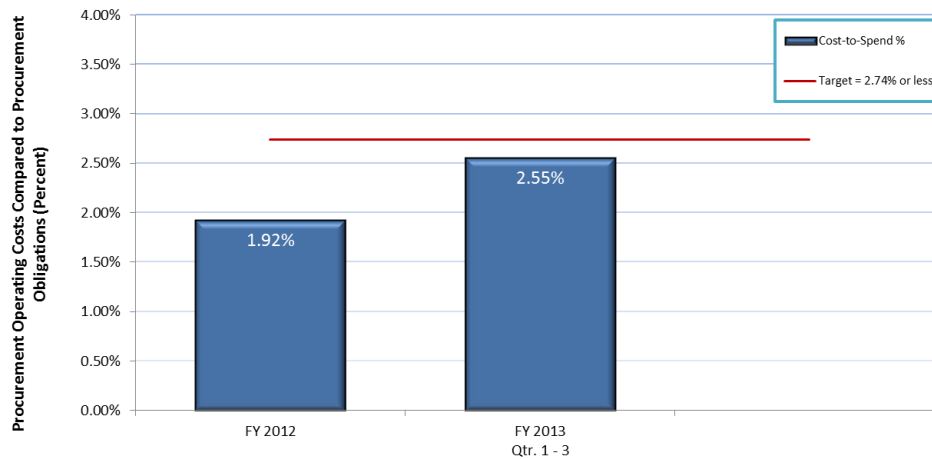
- ☐ Acquisition: Fair and reasonable cost
- ☐ Cycle times
- ☐ Subcontracts
- ☐ Small Business
- ☐ Ethical practices
- ☐ Compliance documentation
- ☐ Continuous improvements
- ☐ Self Assessments
- ☐ Risk Mitigation

## Findings

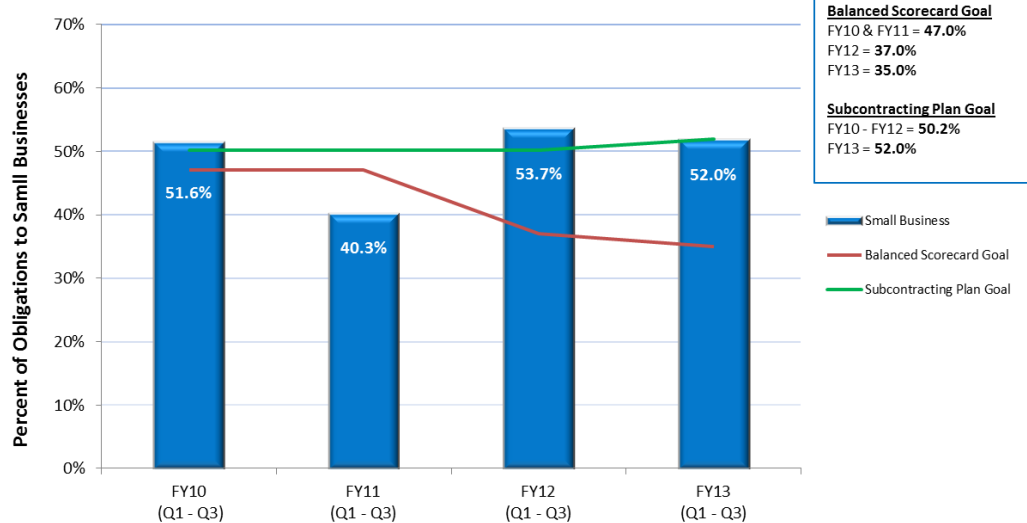
- ☐ **NO** observations of a significant nature were identified
- ☐ **ZERO** weaknesses were identified
- ☐ Strengths in Small Business and Acquisition

# Key Performance Indicators

**Cost-to-Spend Ratio**  
FY 2012 (Year-End) - FY 2013 (Q1 - Q3)



**Socioeconomic Commitments**  
**Small Business**  
FY 2010 - FY 2013 Cumulative Through Quarter 3



- Stabilize and train workforce
  - 19 in new roles
  - 6 retirees
- Finish hiring plan
- Continue investment on F\$M work streams
- Launch new customer-focused web site
- Continue Procurement Outreach Program
- Continue to glean efficiencies out of process analysis and improvements
- Launch Strategic Sourcing Initiative (leverage spend across divisions)
- Expand customer advocate program and partner on complex Procurements
- Continue monitoring performance and progress

○ *Stay the course...*